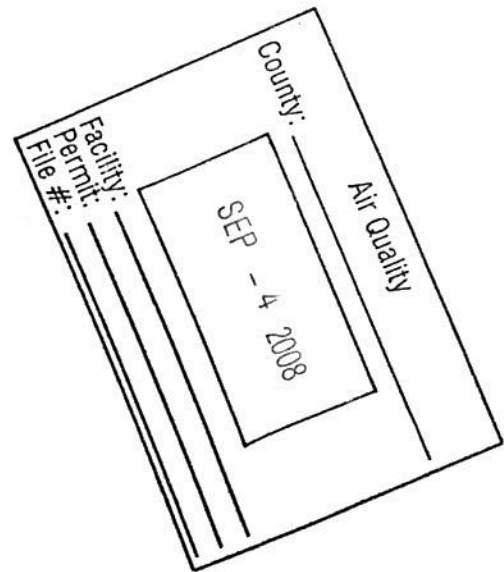




September 3, 2008

Mr. Thomas DiLazaro

Air Quality Program Manager
Pennsylvania Department of Environmental Protection
Northeast Regional Office
2 Public Square
Wilkes Barre, PA 18711-0790



Re: Hunlock Power Station Plan Approval Application
Supplemental Information – ERC Application Form

Dear Mr. DiLazaro:

Per your departments request, enclosed is additional information concerning the UGI Development Company Plan Approval Application for the Hunlock Creek Power Station. The information concerns the submittal of the Emission Reduction Credit application for the proposed shutdown of Boiler #6 at the Hunlock Power Station. In addition, the PSD and NNSR emissions netting analysis are documented based on the most recent annual emissions information for Boiler #6.

Should you have any questions regarding this application, please call Mike Mara of UGI at (610) 373-7999 ext. 175, or Mike Dennis of URS at (908) 256-4406.

Sincerely,
URS Corporation

*Michael - Dennis @ URS CORP.
COM,*

Michael G. Dennis
Senior Air Quality Specialist

Encl.

cc: M. Mara/UGID
J. Dayman/URS

Mr. Thomas DiLazaro

June 9, 2008

Page -2-

Sincerely,

URS Corporation

A handwritten signature in black ink, appearing to read "John Dayman".

John Dayman, PE
Project Manager

Cc: Mika Mara, UGID
Dave Stettler, UGID
Lou James, UGID
Mike Dennis, URS

Enclosures:

1. Plan Approval Application - Hunlock Power Station Repowering Project (3 copies)
2. Check No. 001043 in the amount of \$5,100.00, dated 05/28/08



Hunlock Power Station Repowering Project

Emission Reduction Credit Application

UGI Development Company ("UGID") owns and operates Hunlock Power Station ("Hunlock", the "facility" or the "station"), an existing electric generating station in Hunlock Township, Luzerne County, Pennsylvania. The facility currently consists of two retired and one active generating unit. Units 1 and 2 were retired in place in 1975. Unit 3, a coal-fired steam turbine-generator ("STG"), is nominally rated at 50 megawatts ("MW") and began commercial operation in September 1959.

UGID is proposing to construct and operate a combined-cycle power plant at the Hunlock site (the "Project") to replace the existing Unit 3 coal-fired boiler (Boiler #6) which will be retired in place. The new combined-cycle plant will consist of two GE LM6000 combustion turbines ("CTs") (designated as Units 5 and 6), will be added at the facility, and will operate in combined-cycle mode. The CTs will burn natural gas as the primary fuel and low-sulfur distillate as an alternative fuel (approximately one month each year).

A natural gas-fired boiler (utilizing less than 50 MMBtu/hr, nominal) is also proposed to provide heat to the existing administration building and related plant facilities building. This unit will replace two existing 20,000 lb/hr oil-fired auxiliary boilers.

The Project annual potential to emit (PTE) is documented in Section 3 of the Plan Approval Application submitted by UGID. Annual Project potential to emit (PTE) is summarized in Table 1. The Project PTE includes:

Combustion turbine emissions based on:

- Full year (8,760 hours) operation; at 100% load;
- Natural gas firing at up to 8,760 hours per year at annual average conditions (50°F);
- Low sulfur distillate firing at up to 600 hours per year at average winter ambient conditions (25°F);
- Duct-firing for 2,000 hours per year.

Steam boiler (under 50 mmBtu/hr)

- Natural-gas only
- Fuel usage limited to 99.8 MMscf/yr

Fuel oil storage tank emissions

- Emissions based on EPA TANKS program



UGID is proposing to use emission credits created by the shutdown of the existing coal-fired boiler to offset emission increases from the new units. The purpose of this letter is to provide additional information for the Prevention of Significant Deterioration ("PSD") nonattainment new source review ("NNSR") netting analyses the appropriate Emission Reduction Credit (ERC) forms needed to formalize the generated emissions offsets.

Table 2 shows the emissions from the existing Boiler #6 for the previous 5-years. Note that PM₁₀ emissions have been revised based on a recent stack test performed by UGID March 11, 2008. Prior to the stack test, UGID was using an AP-42 emission factor to estimate annual PM₁₀ emissions. UGID has revised their PADEP annual emissions statements to reflect this change.

The results of the PSD netting analysis are presented in Table 3. The results show that the Project is not subject to PSD review.

The area surrounding the UGID facility is designated as marginal non-attainment for ozone. As such, emissions of ozone precursors VOC and NO_x are potentially subject to nonattainment NSR ("NNSR"). The applicability thresholds for NNSR are: VOC 50 tpy, NO_x 100 tpy. Similar to PSD review, NNSR applicability is based on an emissions netting analysis. The results, which are also summarized in Table 3, demonstrate that the project is not subject to NNSR.

Based on discussions with PADEP, UGID is providing the Emission Reduction Credit (ERC) forms documenting the potential emission reductions once Boiler #6 is shutdown. As discussed above, the ERCs are based on the most recent 2-years of emissions data.

Table 1: Annual Criteria Pollutant Emissions Summary

<i>Operating Scenario</i>	<i>Annual Pollutant Emissions (tpy)</i>							
	<i>NO_x</i>	<i>CO</i>	<i>VOC</i>	<i>SO₂</i>	<i>PM₁₀ / PM_{2.5}</i>	<i>TSP</i>	<i>H₂SO₄</i>	<i>NH₃</i>
Combustion Turbines	65.7	56.4	24.5	22.7	61.2	42.2	10.4	60.7
Steam Boiler	1.8	4.2	0.3	0.1	0.4	0.1	Neg	0.0
Storage Tank	0.0	0.0	0.008	0.0	0.0	0.0	0.0	0.0
Project Total	67.5	60.6	24.8	22.8	61.6	42.3	10.4	60.7

Table 2: Boiler #6 Historical Emission (tpy)

<i>Pollutant</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2006-2007 Average</i>
SO ₂	3,586.0	4,405.0	4,482.0	3,657.0	3,270.2	3995.50
NO _x	558.0	493.9	451.2	552.2	425.3	525.95
PM ₁₀	277.9	278.8	266.0	293.6	243.8	278.36
CO	48.70	42.21	41.91	45.61	41.41	45.46
VOC	5.71	5.20	5.41	5.71	4.92	5.46
Pb	0.0090	0.0200	0.0200	0.0200	0.0100	0.01
H ₂ SO ₄	3.65	3.75	3.50	3.74	3.38	3.70

Table 3: Summary of PSD Netting Analysis

<i>Pollutant</i>	<i>PSD Significant Emission Rate (tpy)</i>	<i>Project Emission Increases (tpy)</i>	<i>Boiler #6 Emission Decrease (tpy)</i>	<i>Net Emissions Increase (Decrease) (tpy)</i>	<i>PSD Modification</i>
Carbon Monoxide	100	60.6	45.5	15.1	No
Nitrogen Oxides	40	67.5	525.9	-458.4	No
Sulfur Dioxide (SO ₂)	40	22.8	4497.7	-3972.7	No
Particulate Matter (TSP/PM)	25	42.3			No
PM ₁₀	15	61.6	278.4	-216.8	No
PM _{2.5}	10	61.6	278.4	-216.8	No
Ozone (Volatile Organic Compounds)	40	24.8	5.5	19.3	(1)
Lead	0.6	0.002	0.019	-0.017	No
Asbestos	0.007	NA			No
Beryllium	0.0004	0.00004			No
Mercury	0.1	0.0002			No
Vinyl Chloride	1	NA			No
Fluorides	3	NA			No
Sulfuric Acid Mist	7	10.4	3.7	6.7	No
Hydrogen Sulfide	10	NA			No
Total Reduced Sulfur Compounds	10	NA			No
(1) Area is designated as nonattainment for ozone; therefore, PSD is not applicable to this pollutant.					

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF AIR QUALITY**EMISSION REDUCTION CREDIT (ERC) REGISTRY APPLICATION**

- This ERC Registry Application may be used by a major or non-major facility.
- ERCs may be created only if the ERC Registry Application is filed within one year of actual emission reductions.
- Read instructions for the ERC Registry Application prior to completing this form.

Section 1 - Identity and Location of Air Contamination Source**1A. Facility/Corporation Information**

Facility Name: UGI Development Company Federal ID Number: 23-1650159-1	Facility Address: 1 Meridian Boulevard, Wyomissing PA 19610
Telephone Number: (610) 743-7004	Fax Number: (610) 374-4288

1B. Facility Operator Information
(Complete if operator is different from company)

Operator's Name:	Company Address:
Telephone Number:	Fax Number:

1C. Plant/Facility Information

Plant Name: Hunlock Creek Power Station Federal ID Number: 23-1650159-1	Plant Address: 390 US Rte 11, Hunlock Creek PA 18621
Telephone Number: (570) 830-1270	Fax Number:
Municipality/Township: Hunlock Township	County: Luzerne

1D. Facility Type

<input checked="" type="checkbox"/> Major Facility <input type="checkbox"/> Non-Major Facility	Permit No. (Title V/RACT/Synthetic Minor): Title V 40-00005
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1E. Contact Person for this Application

Name: Michael Mara Title: Director, Project Development	Mailing Address: 1 Meridian Boulevard, Wyomissing PA 19610
Telephone Number: (610) 743-7004	Fax Number: (610) 374-4288

1F. Certification Statement

I, Michael Mara, certify under penalty of law as provided in 18 Pa. C.S.A. § 4904 and 35 P.S. § 4009(b)(2)) that I am authorized to make this Certification on behalf of the facility identified in this application and based on information and belief formed after reasonable inquiry, the statements and information in this application are true, accurate and complete. I further certify that the emission reductions will be maintained as set forth in this application and that the emission reductions were not previously used in netting transactions, alternative emissions limitations, acid rain allowances or to generate other emission reduction credits.


Signature

Director Project Development
Title

September 3, 2008
Date

Section 2 - ERC-Generating Source Information

Provide the following information for the ERC-generating source

2A. Type of Source: Coal-fired boiler	2B. Plan Approval\Permit Number: 40-00005
2C. Manufacturer of Source: Foster Wheeler	2D. Model Number:
2E. Date of Installation of the Source: Jan 1959	2F. Air Cleaning Device: C01/C02 Electrostatic Precipitator
2G. Source ID/Designation: Boiler #6	2H. Hourly Rated Capacity: 636.5 MMBtu/hr
2I. Annual Throughput:	2J. Other Information:

Section 3 - ERC Generation Techniques

Check appropriate box(es) to identify applicable ERC-generating technique(s)

- ☒ Shutdown of a source at an existing facility
☐ Shutdown of an existing facility
☐ Permanent curtailment of production or operation hours
☐ Improved control measures including improved control of fugitive emissions
☐ Installation of an air pollution control device beyond regulatory requirements
☐ Use of lower volatile organic compound (VOC) coatings than required
☐ New technology and/or materials (not required by applicable law)
☐ Process equipment modifications (not required by applicable law)
☐ Incidental emissions reduction of nonhazardous air pollutants
☐ Economic Incentive Program
☐ Other: _____

Section 4 - Intended use of ERCs

Check appropriate box(es) to specify intended use of ERCs

- ☒ Netting/Offsetting
☒ Banking/Trading/Selling Purposes (Excess offsets after netting are to be banked for potential future use)

Section 5 -Emissions Reduction Initiation DateActual/Expected Date of Initiation of Emission Reduction: **Late 2010/early 2011**

Section 6 - Baseline Emission Rate Summary

Baseline emission rate (expressed in lbs/hr or tons/yr) is based on the lower of actual or allowable emissions calculated over two (2) calendar years immediately preceding the reduction unless otherwise approved by the Department.

Do the above baseline emission estimates agree with emission statements submitted for PEDS/AIMS and any fees that have been paid, if applicable?

☒ Yes ☐ No If "No", submit request to amend emissions inventory along with this application.

Is the facility subject to any proposed maximum achievable control technology standards for hazardous air pollutants (MACT)? If yes, specify federal citation including Subpart.

☐ Yes Subpart: _____ ☒ No

Section 7 - Emission Quantification Methods

Check appropriate box(es) for method(s) used to determine the baseline emission rate. Attach copies of source tests, summaries of records, measurements or calculation methods used to estimate the baseline emissions.

- ☒ Performance test data on same unit
☐ Performance test data on similar unit
☒ Continuous emission monitoring data
☐ Equipment vendor emission data and guarantees
☐ Emission factors from technical reference or article
☒ AP-42 Emission Factors Table Number: _____
☐ EPA Test Data Document Document Number: _____
☐ Other: _____

Section 8 - Emission Characteristics

Provide the following information to determine the ambient impact of the emissions reduction

(a) Hours of Operation: Year round	(b) Hourly Rate (specify unit): 636.5 MMBtu/hr
(c) Stack Height (from ground level):	(d) Stack Inside Diameter:
(e) Exhaust Volume:	(f) Exhaust Temperature:
(g) Seasonal Period (months) Operated: NA	

Is the affected source in compliance with all applicable requirements?

☒ Yes ☐ No If "No", attach a list of the violation(s), date(s) and location(s) specified in the Notice of Violation.

List all attachments provided to evaluate this ERC Registry Application.

Cover letter summarizing reported emissions for 2006 and 2007, potential to emit from proposed combustion turbine project, and summary of PSD and NNSR netting analysis.

OFFICIAL USE ONLY

Regional Office: _____ Date Received: _____
 Reviewed By: _____ Date Reviewed: _____
 Plan Approval Number: _____ Date Submitted: _____
 Previous Netting Transaction Date and Plan Approval Number: _____
 Comments: _____

 Central Office NSR Section:
 Reviewed By: _____ Entry Date: _____
 Comments: _____